

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: EQUITABLE RESOURCES ENERGY )  
COMPANY, a West Virginia ) VIRGINIA GAS  
Corporation ) AND OIL BOARD  
)  
RELIEF SOUGHT: EXCEPTION TO ) DOCKET NO.  
STATEWIDE SPACING ) 98-0421-0659  
LIMITATIONS PRESCRIBED )  
BY VIRGINIA CODE ANN. )  
§ 45.1-361.17(A)(2) )  
)  
LEGAL DESCRIPTION: )  
)  
WELL NUMBER VAD-3804 )  
CLINCHFIELD COAL COMPANY TRACT )  
NO. T-935 )  
FLAT GAP QUADRANGLE )  
GLADEVILLE MAGISTERIAL DISTRICT )  
WISE COUNTY, VIRGINIA )

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This cause came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on April 21, 1998, Dickenson Conference Room, Southwest Virginia Education 4-H Center, Abingdon, Virginia.
2. Appearances: James E. Kaiser of Wilhoit & Kaiser, appeared for the Applicant; and Sandra B. Riggs, Assistant Attorney General was present to advise the Board.
3. Notice and Jurisdiction: The Board finds that it has jurisdiction over the subject matter. The Board also finds that the Applicant has exercised due diligence to locate and provide notice to all persons entitled to notice of this proceeding.
4. Relief Requested: Applicant requests an exception to the statewide spacing requirements set forth in Va. Code § 45.1-361.17 for Well Number VAD-3804 for Applicant's development and operation of Conventional Gas from the Mississippian and Devonian Age formations including the Base Lee Sands, Ravencliff, Maxon, Big Lime, Borden, (Weir), Coffee Shale, Berea, Devonian Shale, Upper Huron and Lower Huron formations, from surface to total depth drilled of 5,600 feet, excluding coalbeds and rock strata associated therewith ("Subject Formations"). Applicant requests the Board's consent to drill Well Number VAD-3804 2,469.67 feet from existing EREC Well Number VAD 2839 and 2,429.89 feet from existing EREC Well VAD-3625 at the location depicted on Exhibit A hereto.

5. Amendments: None.

6. Reasons Relief Should Be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds that:

(1) Applicant proposes to operate Well VAD-3804 for the dual purpose of producing coalbed methane gas and conventional gas. The location depicted on Exhibit A for Well VAD-3804 does not represent a legal location for a coalbed methane gas well as established by the Nora Coal Bed Gas Field Rules entered by the Board on March 26, 1989, nor does said location comply with the statewide spacing limitations established by Va. Code § 45.1-361.17 for a conventional well.

(2) The proposed Well VAD-3804 is located on a coal, oil and gas tract consisting of 811.00 acres, known as the Clinchfield Coal Company Tract T-935. The acreage in all the surrounding drilling units are voluntarily leased to the Applicant who operates all reciprocal wells. Thus, the granting of the application herein will not impact on the correlative rights of any person.

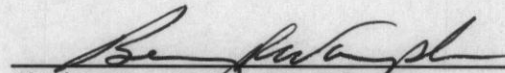
(3) An expert witness testified that the granting of the location exception is necessary to avoid a diversion/drainage ditch constituting an erosion and sediment control structure on a mining operation located on the surface overlying Subject Drilling Unit, to effectively and efficiently drain a portion of the common sources of supply (reservoir) underlying Subject Drilling Unit, and is in the best interest of preventing waste, protecting correlative rights and maximizing recovery of Conventional Gas underlying Subject Drilling Unit.

7. Relief Granted: The requested relief in this cause be and hereby is granted allowing the Applicant to permit and drill Well Number VAD-3804 2,469.67 feet from existing EREC Well VAD-2839 and 2,429.89 feet from existing EREC Well VAD-3625 at the location depicted on Exhibit A hereto for the purpose of producing conventional gas therefrom.

8. Findings: That the well location exception is needed in order to prevent waste, correlative rights and to generally effect the purposes of the Virginia Gas and Oil Act.

9. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 8<sup>th</sup> day of May, 1998, by a majority of the Virginia Gas and Oil Board.

  
Chairman, Benny R. Wampler



DONE AND PERFORMED this 12<sup>th</sup> day of May, 1998, by  
Order of this Board.

Byron T. Fulmer  
Byron Thomas Fulmer  
Principal Executive to the Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA )  
COUNTY OF WISE )

Acknowledged on this 9<sup>th</sup> day of May, 1998,  
personally before me a notary public in and for the Commonwealth of  
Virginia, appeared Benny R. Wampler, being duly sworn did depose and say  
that he is Chairman of the Virginia Gas and Oil Board, that he executed  
the same and was authorized to do so.

Susan G. Garrett  
Susan G. Garrett  
Notary Public

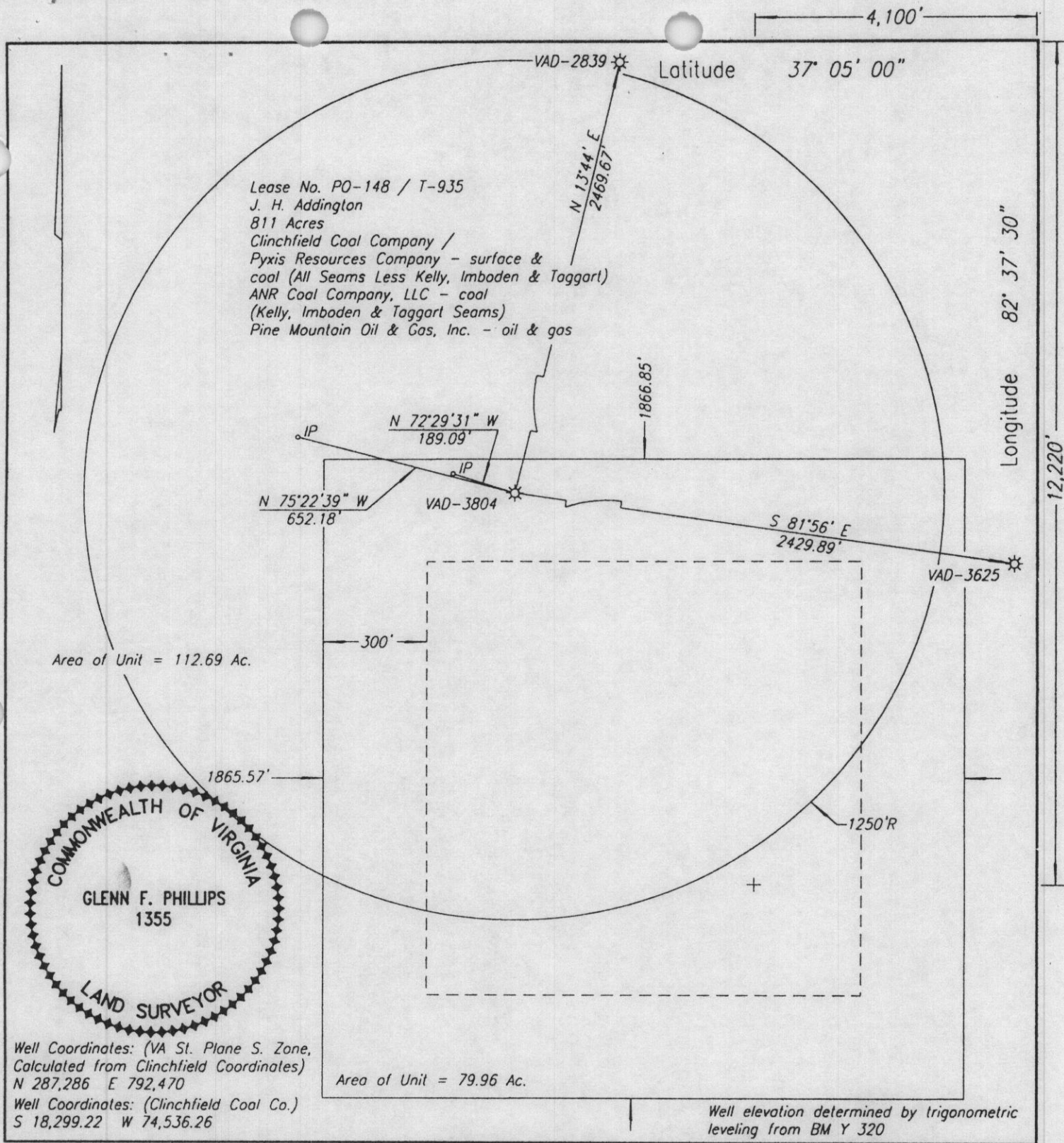
My commission expires: 07/31/98.

STATE OF VIRGINIA )  
COUNTY OF WASHINGTON )

Acknowledged on this 12<sup>th</sup> day of May, 1998,  
personally before me a notary public in and for the Commonwealth of  
Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and  
say that he is Principal Executive to the Staff of the Virginia Gas and  
Oil Board, that he executed the same and was authorized to do so.

Diane J. Davis  
Diane J. Davis  
Notary Public

My commission expires September 30, 2001.



WELL LOCATION PLAT

COMPANY Equitable Resources Energy Company WELL NAME AND NUMBER VAD-3804  
 TRACT NO. T-935 ELEVATION 2764.04 QUADRANGLE Flat Gap  
 COUNTY Wise DISTRICT Gladeville SCALE 1" = 400' DATE 3-11-1998  
 This Plat is a new plat x; an updated plat   ; or a final location plat   

+ Denotes the location of a well on United States topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

Glenn F. Phillips

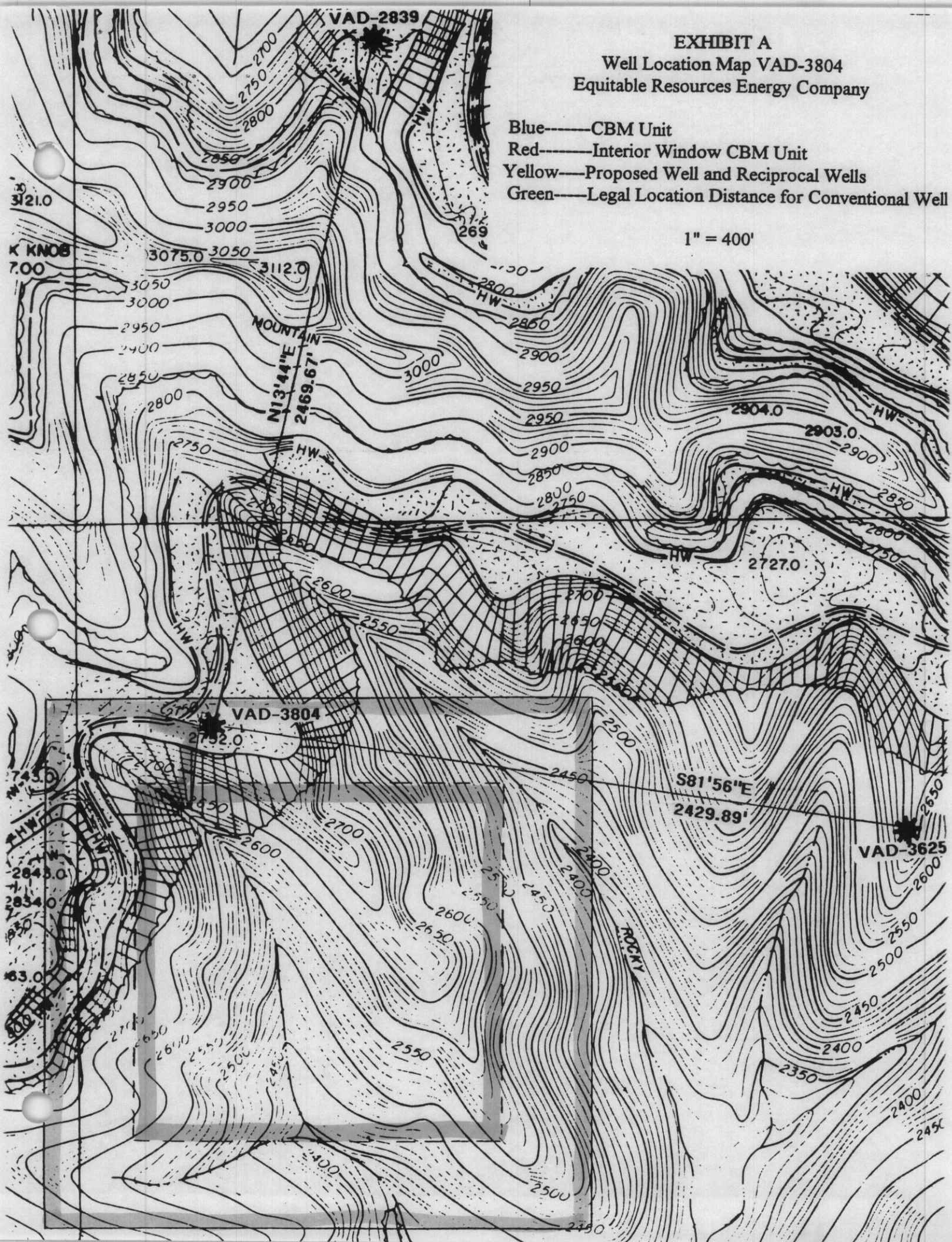
Licensed Professional Engineer or Licensed Land Surveyor



EXHIBIT A  
Well Location Map VAD-3804  
Equitable Resources Energy Company

Blue———CBM Unit  
Red———Interior Window CBM Unit  
Yellow——Proposed Well and Reciprocal Wells  
Green——Legal Location Distance for Conventional Well

1" = 400'



## EXHIBIT B

The Pittston Company  
C/o Pine Mountain Oil & Gas Co., Inc.  
P.O. Box 5100  
Lebanon, VA 24226  
Attn: Mr. Richard Brillhart

The Pittston Company  
C/o Clinchfield Coal Company  
P.O. Box 7  
Dante, VA 24237  
Attn: Steve Smith

Pyxis Resources, Inc.  
C/o Larry Cline  
P.O. Box 7  
Dante, Va 24237

ANR Coal Company, LLC  
P.O. Box 1871  
Roanoke, VA 24008